

**Term Contract No. 946A**

STATE OF NORTH CAROLINA, DEPARTMENT OF ADMINISTRATION		
DIVISION OF PURCHASE AND CONTRACT		
116 West Jones Street, Raleigh, NC 27603-8002		
<b>Term Contract</b>	<b>946A</b>	<b>Procurement Card</b>
<b>Effective Dates</b>	July 1, 2006, through December 31, 2012	
<b>Bid Number</b>	501220	
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<b>Last Updated</b>	May 18, 2007	

## 1. General Information:

Procurement cards (also known as purchasing cards) enable organizations to make small purchases more quickly and efficiently by minimizing paperwork and processing time. Similar to familiar VISA, MasterCard, etc., formats, procurement cards can be processed by vendors just like personal charge cards. (They do not have to enroll specifically in a procurement card program.) Rather than making multiple small payments to many vendors, the using organization writes one check to the card provider.

Users, accounts payable, and purchasing can all benefit from the cards' streamlined process. It also offers an easy method of making emergency purchases (for repairs, for example). Vendors receive payment from the card processor within a few days, without extra paperwork, thus encouraging small local businesses to do business with the State.

Under P&C's contract with Bank of America for their VISA card, there is no charge for issuance or maintenance of the cards. (Costs for special programming and related services are shown on <http://www.ncpandc.gov/BOAschedules.pdf>) Control of the program is with the purchasing officer or chief fiscal officer, who determines who may use the cards and for what types of purchases.

Rebates based on total statewide annual volume will be paid to participating agencies. See <http://www.ncpandc.gov/BOAschedules.pdf> for details.

A summary of services offered by Bank of America under this contract is available at: (<http://www.ncpandc.gov/BOAuseroverview.pdf>).

## 2. Scope of Contract:

**The cards are for official use only.** Improper use of a card must be dealt with by the agency in the same way it would handle wrongful use of any purchasing process (petty cash, local pick-up authorization, or purchase order). Agencies are strongly advised to make signed acknowledgment of all procedures, regulations, etc., prerequisite to receipt of a card.

**Procurement cards do not change WHAT you can buy; they offer another means to process the purchase.**

Term contract items will still be bought from vendors on contract but you may be able to process small orders with the card. Competition is to be sought on open-market items as you would for other small purchases.

**Each transaction on the procurement card is not to exceed \$2,500.**

Agencies may set lower limits either for all purchases or specific cases, as they think best. Purchases can be limited by amount per transaction, total per time period, number of purchases per period, Merchant Category Codes (MCC), and in many other ways. Each card can have specific controls unique to that cardholder's responsibilities. Exceptions to this limit are described in NCAC T01:05B.1523 (copy attached)

**Choose cardholders carefully.** The most likely candidates are those employees who have frequent need to make small purchases and who have demonstrated that they are responsible and will follow proper procedures. In exchange for a faster way of making purchases, cardholders must be willing and able to keep good records for accounting/reporting purposes. (This may be as simple as a receipt envelope and log sheet, but is very important.)

By designating cardholders, the participating agency shall represent and warrant that:

- (1) Each Cardholder is a current employee or agent of Agency; and
- (2) The identification information relating to the Cardholder is accurate and consistent with the information contained in Agency's employment records.

**The full balance is to be paid at least once a month**, as specified in our contract with Bank of America. Payment of interest goes against the State's Cash Management Plan. You can choose the best billing date for your accounting cycle when your agency's card program is established with Bank of America. If there is a questionable transaction on the statement, it can be coded as "disputed" (Ask your account representative for more information.).

**The card program does not change existing reporting requirements.** You still must account for taxes (both in-state and out-of-state), report HUB expenditures, and maintain sufficient budget information to comply with the Executive Budget Act and related statutes. Your Chief Fiscal Officer must certify annually that your agency is in compliance. Start planning how your agency will handle these requirements before the first card is issued! Bank of America can provide a variety of reports to assist you. In addition, there are several automated models created by state agencies and university campuses, who are willing to share them. If you are unsure how to handle a particular category of purchases, prohibit or block that.

Note: many agencies require their cardholders to get an itemized receipt at time of purchase so expenses can be assigned to the correct account code. This is easier than receiving separate invoices later from the merchant, but still provides necessary information.

**Maintain control of your program.** Purchasing and accounting must work together on a regular basis to monitor card use and make any changes needed. Make full use of Bank of America's reporting mechanisms as management tools. Report lost or stolen cards immediately. Be sure cardholders return their cards when they leave or change jobs.

### **Procurement Card Violation Reporting**

Any serious violation involving suspected theft, fraud, or similar misuse of a procurement card, which has been reported to and/or investigated by the State Bureau of Investigation or other law enforcement agency, shall be reported by the local card program administrator to the Division of Purchase and Contract (P&C) within not more than thirty (30) calendar days after referral to the law enforcement agency. A follow-up report describing resolution of each case is due to P&C within thirty (30) calendar days after final resolution.

Specific identifying information, especially that related to an investigation, is not needed and should not be included in your report to P&C. Follow the law enforcement agency's guidelines on confidentiality.

NOTE: Local card program administrators are encouraged (though not required) to provide P&C with information on less serious violations and how these were resolved. This will assist in ongoing program administration and enhancement.

### **Procurement Card Cancellation**

Lost or stolen card shall be reported to the p-card issuer immediately, and that account number cancelled. (A new account number/card can be requested if needed.)

As part of review of possible misuse of a card, the program administrator shall consider cancellation if warranted.

Each participating agency shall have policies/procedures to ensure p-cards are turned in prior to departure of a terminated or retiring employee, so the account can be closed.

If an employee transfers to another section or to different responsibilities, review to determine whether the p-card is still needed shall be conducted (by card program administrator, local contact, etc.)

At least annually, the card program administrator at each location shall review account activity and determine whether inactive cards should be cancelled.

### **3. Implementation**

The chief purchasing or fiscal officer of the requesting agency shall send a letter to the P&C contract administrator requesting the procurement card and identifying the agency's local card program administrator. After confirmation that the agency's compliance review (if applicable) is current and favorable, a welcome letter will be sent to the agency with a copy to the contractor. Agency and contractor can then begin to plan implementation.

Copy of NCAC T01:05B.1523 (rules governing procurement cards) attached for reference.

**4. Contractor**

<b>Contractor Name</b>	<b>Address / Federal ID</b>	<b>City, State, Zip</b>	<b>Contact, Phone, Fax</b>
Bank of America Account Manager	NC1-002-07-07 101 South Tryon Street	Charlotte NC 28255	Tracey Wopperer Vice President; Card Sales Consultant
			980-388-7297
			980-233-7643 (fax)
			<a href="mailto:Tracey.wopperer@baml.com">Tracey.wopperer@baml.com</a>
			(see below for specialized contacts)

**Contacts:****Technical Questions Related to Works or File Delivery:**

888.589.3473

[commcardthd@bankofamerica.com](mailto:commcardthd@bankofamerica.com)**Day-To-Day General Account Questions:**

Cathy I. Jones

[Cathy.I.Jones@bankofamerica.com](mailto:Cathy.I.Jones@bankofamerica.com)

Direct Line: 757-533-7887

Toll-Free: 800.822.5985 Ext. 67887

**Strategic Planning for Existing Clients:**

Tracey Wopperer

VP – Senior Card Account Manager

980-388-7297

[Tracey.Wopperer@baml.com](mailto:Tracey.Wopperer@baml.com)**To Establish a New Account For Agencies, Community Colleges, Public Schools, and Local Governments/Political Subdivisions:**

Gary Clark

SVP – Senior Treasury Management Sales Officer

919.829.6591

[Gary.L.clark@baml.com](mailto:Gary.L.clark@baml.com)**To Establish a New Account for Universities:**

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**01 NCAC 05B .1523      PROCUREMENT CARDS**

- (a) Procurement cards (organizational charge cards) are for official use only and shall be used in accordance with this Section and with the statewide contract established and maintained by the Division of Purchase and Contract. Use of procurement cards by any agency is contingent on satisfactory compliance review, as determined by the Division of Purchase and Contract. As the State's electronic procurement system is implemented, it shall be used to the fullest extent possible, including issuance of purchase orders. Procurement cards may be used as a payment mechanism within e-procurement if permitted by fiscal policies of the agency.
- (b) Procurement card transactions processed through the State's electronic procurement system, utilizing the card as a payment mechanism within electronic workflow and approval processes, may be in any amount consistent with agency fiscal policies.
- (c) For procurement card transactions processed outside the State's electronic procurement system, the per-transaction limit shall be two thousand five hundred dollars (\$2,500.00). This limit may be changed only under the following circumstances:
- (1) In an emergency (as defined by 01 NCAC 05B .1602 or Governor's declaration), the agency card program administrator may request higher limits on cards in critical areas. Such increases shall be in effect no longer than the duration of the emergency. Requests for increased limits are to be made through the Division of Purchase and Contract if time permits and must be reported to Purchase and Contract in any case.
  - (2) Agencies may apply to the SPO for higher limits on specific types of transactions, with justification required.
  - (3) The SPO may adjust limits based on analysis of the procurement card program's results, on a statewide or agency basis, after taking into consideration current market trends, the economy, and recommendations received from the State Controller and the State Auditor.
- (d) Each participating agency shall designate a procurement card program administrator, who shall be the chief purchasing officer or chief fiscal officer (or person specifically designated by either of these).
- (1) All cards requested on behalf of the agency shall be sent to the program administrator (not to individual cardholders) by a traceable delivery method.
  - (2) Cards shall show the agency name, cardholder, the state seal or agency logo, and indicate they are for official use only.
- (e) The card program administrator, in consultation with the agency's chief executive or fiscal officer, shall determine appropriate limits by per-transaction amount (not to exceed the statewide per-transaction limits set in Paragraphs (b) or (c) of this Rule) total per billing cycle, merchant categories, and similar factors. Agencies shall submit a copy of their procurement card policies and procedures to the Division of Purchase and Contract within 90 days after program implementation and thereafter whenever such policies or procedures are updated.
- (f) The card program administrator shall determine compliance with agency policy and procedures, including cardholders' acknowledgement prior to issuance of cards, account reconciliation, and security.
- (g) Agencies shall comply with procurement card policies prepared and disseminated by oversight fiscal offices (e.g., Office of the State Controller for state departments) governing those agencies under their responsibility.
- (h) No other charge cards that obligate payment by the agency or the State shall be used unless an existing contract obligation requires its use, but that obligation shall be discontinued no later than June 30, 2003. Requests for exceptions to this rule shall be submitted in writing to the State Purchasing Officer. Consideration of requests will be based on need, compliance reviews and contract obligations.

*History Note:*      *Authority G.S. 143-49(8);*  
                          *Temporary Adoption Eff. July 1, 2002;*  
                          *Eff. April 1, 2003.*